



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 16, 1997

CERTIFIED RETURN RECEIPT

P 074 976 597

William Hyland
Vice President - Finance
Ziegler Chemical and Minerals Corporation
100 Jericho Quadrangle
Jericho, New York 11753

Re: Acceptance and Approval of Replacement Reclamation Surety, Ziegler Chemical and Minerals Corporation ("Ziegler"), Ziegler Gilsonite Mines, M/047/013, Uintah County, Utah

Dear Mr. Hyland:

On July 1, 1997, Ziegler provided the Division with a replacement Reclamation Contract and surety for the Ziegler Gilsonite Mines. The reclamation surety was last approved by the Board of Oil, Gas and Mining on March 27, 1996. Whenever surety documents are revised, the Division is required to update the surety amount. This surety was updated to year 2002 dollars. There were no changes to the approved mining and reclamation plan associated with this replacement surety.

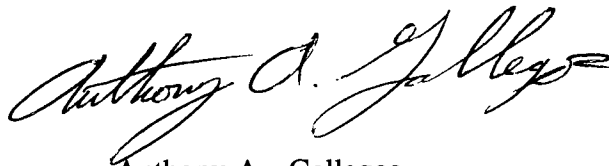
For this type of surety transaction, the Division Director is allowed to accept the surety on behalf of the Board. On July 15, 1997, the Division formally accepted and approved of the replacement surety bond number 105810 in the amount of \$126,600.00 issued by Frontier Insurance Company which replaces the old surety which was a Letter of Credit ("LOC") with Fleet Bank, N.A.

As instructed in your June 26, 1997 letter, we have enclosed copies of the signed and executed Reclamation Contract and Surety Bond for your files. Also enclosed are the original copies of the old LOC's number S065702 and S091527 with their amendments and the original copy of the old Reclamation Contract with the effective date of March 27, 1996, for your disposal.

Page 2
William Hyland
M/047/013
July 16, 1997

Thank you for your assistance in this permitting action. Please call me or Joelle Burns if you have any questions in this regard.

Sincerely,

A handwritten signature in black ink, reading "Anthony A. Gallegos". The signature is fluid and cursive, with the first name "Anthony" and last name "Gallegos" clearly legible.

Anthony A. Gallegos
Senior Reclamation Specialist

jb
Enclosure: MR-RC dated 7/15/97; Surety Bond #105810;
old MR-RC dated 3/27/96; LOC #S065702 & #S091527;
cc: Gordon Ziegler, Jr., Corporate Office
Norm Haslem, Ziegler, Mine Superintendent
M047013.bnd